Valor FX: Safety Check

NOTICE

This safety checklist report was prepared by the Managed Forex Hub ("MFH") on the date mentioned below in the footer. These analyses are prepared for our own purposes with internal accounting, tracking, and audit control in mind, but are also available for the use by other 3rd parties when requested. This is our own protocol and analysis and the purpose of this report is to provide a detailed analysis, which often goes deeper than those performed by automated software's, social tracking utilities, and CPA audits/reviews. We have found that while many of these are great, they do not detail the downside/risk potential for a given strategy. The other purpose of this report is to provide a more in-depth relay of information in an honest and transparent manner.

* MFH equity stop loss and close all utility: this utility mentioned in the chart below, has been developed for and implemented by MFH for use in our trading endeavors. While we implement this tool on our accounts as an added safety measure, and as a last case safety check (like an emergency break), in the event that a technical problem occurs, please take note that we cannot guarantee the successful function of this tool. Much the same as a broker cannot guarantee your stop loss in an STP environment. The "close all" function does not remain on any brokerage's server, but rather in our trading platforms. Delays in execution may also occur with this utility at brokers for various reasons, such as technical issues with the broker's server, reliable connectivity, a delay in order confirmation from a liquidity provider, or by a lack of available liquidity for the currency pair that our equity stop utility is attempting to close. With many factors out of our control, we simply cannot guarantee the successful execution of this. To date however, we have had no problems in both simulated and live trade environments using this tool. We prefer to set our global stop loss parameter at a value that is much larger than we expect the actual trade manager to ever encounter naturally on their own. As an example, if a trader has never had a -15% drawdown in over 4 years, and we set our back-up stop loss to -25%, we should be well aware of the potential of our stop loss script triggering long before it actually does! The first and foremost line of protection should always be built into the trading strategy, by implementing a stringent money management and risk management protocol. We screen all our trading endeavors first and foremost to ensure this is factored in. Our equity stop utility is simply a bonus and an added layer of protection we have developed, as we believe that back up of back up plans are always a good idea, and one can never be too safe.

Any person viewing this report should not construe the contents of this document as legal, tax or financial advice. All spot FX trading programs aim to achieve an "absolute return", meaning there is no benchmark to be expected. The objective when trading these programs is to maximize returns within certain risk parameters, and any opinions, news, research, analyses, prices, charts, or other information which may be contained on this document does not constitute investment advice. We shall not accept liability for any loss or damage, including without limitation to, any loss of profit, which may arise directly or indirectly from use of or reliance on such information and it should be strongly noted that **past performance is never indicative of future results**.

VALOR FX: SAFETY FEATURE CHECK-LIST

SAFETY FEATURE	YES / NO	NOTES
Live trading has been longer than 1 year in duration, to demonstrate the ability to handle or adapt to variable market conditions?		The Valor team has been trading and progressing in the spot FX markets since 2007 and in addition to experience, have multiple different tools in place to use in their trading endeavors to ensure they can handle and adapt to various different market conditions.
Trading is being conducted at reputable brokerage firms, in highly regulated jurisdictions?		This particular program is now trading at reputable brokerages in the UK, UAE, Finland, AUS, all of which are highly reputable, stable, well capitalized and regulated.
Historic trades have been analyzed for hidden risks and vulnerabilities in the trading strategy?		MFH has ran a detailed trade by trade analysis and had our trade team review the strategy, closely analyzing it's periods of worst performance, and looking for holes in the strategy which may cause future problems. None were identified.
All historic trades have been fully verified and confirmed to be accurate and legit?		MFH has confirmed all history by brokerage verification, or account ownership verification, and by performing analysis on trade histories. We have also enabled social utility verification on our own accounts going forward from Oct. 1st, 2013.
The trading strategy displays and demonstrates both responsible risk management and money management as part of the underlying trade strategy.		All periods of drawdown have been market-influenced and not based on reckless trading. The trade team sticks to the core strategy at all times. Draw downs are professionally handled in our view, and historically speaking, they have been small, and very quick to recover from when encountered.
This trading strategy is trading a significant AUM, or for separate clients, demonstrating a trusted level of experience and comfort by others.		This trading strategy up until Oct 1st, 2013, has been trading solely on various privately owned company trading accounts totaling over $100K USD. Starting Oct 1st, the Valor FX team will begin for the first time trading 3rd party accounts for MFH.
Extra safety measures have been implemented to protect equity against unforeseen draw downs or technical problems should they arise?		MFH have built, and installed an equity drawdown utility. In case of a black swan event, we have the script installed on all of our accounts to close all trades if accounts hit a certain negative benchmark in equity drawdown. If this is triggered in any month, we will cease all trading on our accounts and contact each investor and request permission to starting trading again. This is currently set to a -25% floating equity draw down in open positions.

RISK DISCLOSURE STATEMENT

This document has been prepared by the Managed Forex Hub (herein “MFH”). Investing in the foreign exchange (Forex) market, alternative investments, and other leveraged asset classes carries a high level of risk, and may not be suitable for all types of investors. Before deciding to invest in any type of alternative investment, you should carefully consider your investment objectives, length of investment and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor, who is familiar with these types of trading if you have any doubts.

Trading in these markets is speculative and may involve loss of principal; therefore funds placed under management should be risk capital funds that if lost will not significantly affect one's personal or financial well being. This is not a solicitation to invest and you should carefully consider your financial condition as to the suitability to your situation prior to making any investment or entering into any transaction.

Effects of Leveraged Trading: Spot Forex Transactions carry a high degree of risk. The amount of initial margin is small relative to the value of the Spot FOREX Contract so that transactions are "leveraged" or "geared". As an example, a margin deposit of $2,000 can control a market value of approximately up to $100,000. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. Given the possibility of losing a substantial investment, trading funds should only consist of risk capital or funds that an individual or an institution can afford to lose.

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